



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-11	BOARD MEETING: October 30, 2018	PROJECT NO: 18-026	PROJECT COST: Original: \$11,000,000
FACILITY NAME: Champaign County Nursing Home/ University Rehabilitation Center		CITY: Urbana	
TYPE OF PROJECT: Substantive			HSA: IV

PROJECT DESCRIPTION: The Applicants (Champaign County Board, University Rehabilitation Center C-U, LLC, and University Rehab Real Estate, LLC) propose to transfer ownership/management of 243-bed skilled nursing facility at a cost of \$11,000,000. The anticipated transaction completion date is November 30, 2018.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Champaign County Board, University Rehabilitation Center C-U, LLC, and University Rehab Real Estate, LLC) propose to transfer ownership of a 243-bed skilled nursing facility in Urbana, at a cost of \$11,000,000. The anticipated completion date of the sale is November 30, 2018.
- The facility currently operates as the Champaign County Nursing Home, a long term care facility owned and managed by the Champaign County Board. Upon execution of the sale, the facility will be known as University Rehabilitation Center. Upon closing of the sale, the Champaign County Board will surrender all rights to the business and real estate.
- The proposed owners, University Rehabilitation Center of C-U, LLC and University Rehab Real Estate, LLC, have disclosed no plans to increase/decrease the bed capacity, and the facility will remain operational.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants is proposing to transfer ownership of a health care facility as defined by the Illinois Health Facilities Planning Act. (20 ILCS 3960/3)
- One of the objectives of the Health Facilities Planning Act is *“to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding **capacity, quality, value and equity** in the delivery of health care services in Illinois. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.”* [20 ILCS 3960/2]

PURPOSE OF PROJECT

- **The Applicants stated the following:** *“The purpose of the this project is to ensure that the residents of Champaign County continue to have access to quality long-term care services, and to ensure that there will be a continued commitment to the provision of care to the underserved and indigent residents of Champaign County. The financial impact upon Champaign County of continuing to operate the Nursing Home is untenable. Nevertheless, Champaign County has been continuously committed to providing care to its underprivileged and elderly for over 100 years. Thus, Champaign County set out to explore options of how to continue to provide care at the nursing home in a fiscally responsible manner. The Champaign County Board approved the sale of the nursing home to University Rehabilitation Center C-U, LLC, who has expertise in value engineering and can implement programs designed to improve quality and reduce costs that are unavailable to Champaign County. Through value engineering, University Rehabilitation Center of C-U, LLC will redesign resident care and eliminate functional redundancies to ensure that the residents of Champaign County continue to have access to high quality skilled nursing home services in the future.”*

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, and a public hearing was requested by the Applicants. On September 13, 2018, two public hearing sessions were held in regard to Project #18-026. These hearing were held at the Hyatt Place, 217 North Neil Street, Champaign, at 2:00pm and 5:00pm. The attendance data is as follows:
 - 2:00pm Session
 - 25 registered attendance
 - 11 providing public comment. 7 in support, 4 in opposition
 - 14 individuals registered attendance only
 - 6 in support, 7 in opposition, 1 neutral
 - 5:00pm Session
 - 21 registered attendance
 - 15 providing public comment. 10 in support, 4 in opposition, 1 neutral
 - 6 individuals registered attendance only
 - 2 in support, 4 in opposition
- No letters of support or opposition were received by the State Board.

SUMMARY:

- The Applicants propose to transfer ownership of an existing operational 243-bed Long Term Care (LTC) facility, in Urbana. The grounds and facility are currently county-owned, and ownership/management of the business and building will be transferred to University Rehabilitation Center of C-U, LLC and University Rehab Real Estate, LLC, upon transaction completion (November 30, 2018). Based on the public hearing, it appears there is equal support/opposition for this transaction.
- The Applicants have met all of the requirements of Part 1125.

STATE BOARD STAFF REPORT
Champaign County Nursing Home/University Rehabilitation Center
PROJECT #18-026

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Champaign County Board University Rehabilitation Center of C-U, LLC University Rehab Real Estate, LLC
Facility Name	University Rehabilitation Center f/k/a Champaign County Nursing Home
Location	500 South Art Bartell Drive Urbana, IL
Application Received	August 17, 2018
Application Deemed Complete	August 22, 2018
Review Period Ends	October 21, 2018
Permit Holder	University Rehabilitation Center of C-U, LLC
Operating Entity/Licensee	University Rehabilitation Center of C-U, LLC
Owner of the Site	University Rehab Real Estate, LLC
Project Financial Commitment Date	November 30, 2018
Transaction Completion Date	November 30, 2018
Expedited Review	Yes
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

I. The Proposed Project

The Applicants (Champaign County Board, University Rehabilitation Center C-U, LLC, and University Rehab Real Estate, LLC) are proposing to transfer ownership of Champaign County Nursing Home, a 243-bed long term care facility in Urbana, Illinois at a cost of \$11,000,000. Upon completion of the transaction, the facility will be renamed University Rehabilitation Center. The anticipated completion date is November 30, 2018.

II. Summary of Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with **ALL** of the provisions of Part 1125.

III. General Information

The Applicants and relinquishing party are the Champaign County Board. The acquiring Applicants are University Rehabilitation Center of C-U, LLC and University Rehab Real Estate, LLC. University Rehab Real Estate, LLC will retain ownership of the property, and University Rehabilitation Center of C-U, LLC, will be the operating entity/licensee of the facility. Financial commitment for this project will occur after permit issuance. This is a non-substantive project subject to an 1125 review, including 1125.800.

IV. Timeline of Events Surrounding Champaign County Nursing Home's Proposed Sale

- **1978:** Champaign County Board assumes operation of Champaign County Nursing Home.
- **2002:** Age of the existing building and deteriorating conditions made facility replacement necessary. Two referendums placed before the voters of Champaign County.
 - The issuance of \$20,000,000 in general obligation bonds to construct a new facility. Approved by a positive vote of 64%.
 - To authorize the levy and collection of a .03% tax increase for the purpose of maintaining the county nursing home. Approved by a positive vote of 58%.
- **October 2006/February 2008:** Operational Audits of Champaign County Nursing Home by private consultant approved by the Champaign County Board.
- **January/February 2008:** Champaign County Board revamps organizational structure to improve oversight of nursing home. Seven member Board of Directors appointed to carry out oversight duties, and identify four responsibilities for effective governance. They are
 - Provision of High Quality Services
 - Planning
 - Managing
 - Maintaining Financial Viability
- **February 2008:** Mechanism established to ensure the benefit of advice and recommendations of nursing home employees would be part of the Champaign County Nursing Home Board of Directors meetings.
- **June 2008:** Champaign County Board authorizes County Board Chair to execute a management contract with Management Performance Associates, Inc. An action recommended by both the nursing home administrator and Board of Directors.
- **February 2013:** To address the continuing deterioration of the nursing home finances, the County forgave \$1,816,142 in debt resulting from transfers and loans from the County's General Corporate Fund. This did not solve the financial problems of the nursing home.
- **Summer 2016:** Champaign County begins investigating options for Champaign County Nursing Home. Some options pursued were:
 - Maintain status quo. Home would not sustain itself under this option.
 - Downsizing by 50%. Ruled out.
 - Increase the operating levy. Reserved for Board consideration.
 - Increase sales tax rate to fund repairs/improvements. This option voted down by a negative vote of 70% by Champaign County voters.
 - Lease the nursing home operation. Ruled out.
 - Sell the Nursing home. Reserved for Board consideration.
 - Close the nursing home. Ruled out.
 - Evans Senior Investments (Seniors Housing and Skilled Nursing Solutions), provided a valuation for the nursing home, ranging from \$9.9 million to \$12.9 million dollars.
- **April 2017:** Two separate referenda concerning Champaign County Nursing Home considered by Champaign County voters:
 - Increase Nursing Home Tax Rate in Champaign County. Referendum fails with 55.8% negative votes.
 - Authorize the sale/disposal of Champaign County Nursing Home. Referendum approved with 53.9% yes votes.

- **June 2017:** Resolution #9988 approves contact with Marcus and Millichap, Property Brokerage and Consulting Services, for the sale or transfer of the nursing home. Services included procuring and vetting prospective buyers per the terms and conditions set by the County. Marcus and Millichap provide a valuation asking price of \$11 million dollars for the nursing home.
- **October 2017:** Champaign County Finance Committee recommends County Board approval of a resolution offering the release of a Request for Purchase (RFP) for sale/transfer/disposition of nursing home.
- **January 2018:** Resolution #2018-1 Champaign County Board approves authorization to release the RFP for the sale/transfer/disposition of Champaign County Nursing Home.
- **February 2018:** Champaign County receives one proposal in response to the RFP. Extended Care Clinical, LLC and Altitude Health Services, Inc., both Illinois corporations, respond to the RFP and agree to the \$11 million dollar purchase price.
- **April 2018:** The Evaluation Committee appointed by the Champaign County Board, recommends approval of the above mentioned purchasers proposal, by a vote of 7-2.
- **May 2018:** Champaign County Board votes to authorize the sale of Champaign County Nursing Home by a vote of 15-6, initiating the permitting process through Certificate of Need.

V. Health Planning Area

HSA IV includes Champaign, Clark, Coles, Cumberland DeWitt, Douglas, Edgar, Ford, Iroquois, Livingston, Macon, McLean, Moultrie, Piatt, Shelby, and Vermilion counties. Champaign County Nursing Home is currently operating at 75.4% (2016) capacity, with historical capacities of 36.8% for 2015, and 90.8% for 2014. The payor mix for the last reporting period (2016), is identified in Table One.

TABLE ONE		
Payor Mix CY 2016 ⁽¹⁾		
	Patient Days	Payor Mix
Medicare	4,566	5.1%
Medicaid	45,317	51%
Other Public	4,385	5%
Private Insurance	110	1%
Private Pay	12,720	13%
Charity Care	0	0%
1. Information taken from 2016 Profile information provided by the health care facilities.		

VI. Project Details

The relinquishing Applicants (Champaign County Board), have been the operator and licensee of Champaign County Nursing Home since 1978. For over 100 years, Champaign County Board has committed to the provision of care for its underprivileged and elderly through the operation of this facility, and has accepted residents regardless of their ability to pay. In recent years, the Applicants incurred significant operational losses, based on declining reimbursements of its Medicaid population (51%). The Applicants, in their quest to continue this service, have submitted RFPs (Request for Purchase) for Champaign County Nursing Home, with Altitude Acquisitions, LLC being the only party submitting a bid for purchase.

Altitude Acquisitions, LLC is under the ownership interest of William “Avi” Rothner. Mr. Rothner has ownership interest in several nursing homes in Illinois and Indiana. Altitude Acquisitions, LLC is a “placeholder” and does not meet the requirements of 77 ILAC 1130.220 - Necessary Party to an Application for Permit.

- 1) the person who will hold and who currently (as applicable) holds the license (or Medicare and/or Medicaid certification if licensing is not applicable) for each facility;
- 2) the person who has final control of the person who will hold or who currently holds (as applicable) the license (or Medicare and/or Medicaid certification if applicable) for each facility;
- 3) any related person who is or will be financially responsible for guaranteeing or making payments on any debt related to the project; and
- 4) any other person who actively will be involved in the operation or provision of care and who controls the use of equipment or other capital assets that are components of the project, such as, but not limited to, fixed equipment, mobile equipment, buildings or portions of buildings, structures such as parking garages, etc.

VII. Project Costs and Sources of Funds

The Applicants are funding this project with cash/securities in the amount of \$2,750,000 and a mortgage in the amount of \$8,250,000. There were not identified costs for the land or estimated start-up/operating deficit.

TABLE TWO				
Project Costs And Sources Of Funds				
Use of Funds	Reviewable	Non Reviewable	Total	% of Total
Acquisition of Building/Property	\$11,000,00	\$0	\$11,000,000	100%
Total Uses of Funds	\$11,000,000	\$0	\$11,000,000	100.00%
Source of Funds	Reviewable	Non Reviewable	Total	% of Total
Cash and Securities	\$2,750,000	\$0	\$2,750,000	25%
Mortgage	\$8,250,000	\$0	\$8,250,000	75%
Total Sources of Funds	\$11,000,000	\$0	\$11,000,000	100.00%

VIII. General Long Term Care

A) Criterion 1125.520 - Background of the Applicants

To document compliance with this criterion the Applicants must demonstrate that it is fit, willing and able, and *has the qualifications, background and character, to adequately provide a proper standard of LTC service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the Applicants, HFSRB shall consider whether adverse actions have been taken against the Applicants, or against any LTC facility owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of the application. An LTC facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by that person or entity. (See Section 1125.140 for the definition of "adverse action".)

1. The purchasing Applicants (University Rehabilitation Center C-U, LLC and University Rehab Real Estate LLC) and relinquishing Applicants (The Champaign County Board), provided the following:

Staff Note: The relinquishing Applicants have addressed this criterion by informing the State Board of the Type A and Type AA Violations at Champaign County Nursing Home (application, p. 72)

2. The Applicants, (Champaign County Board), provided a copy of IDPH licensure for the facility (Application for Permit page 71)
3. Certificates of Good Standing for the purchasing Applicants have been provided as required. An Illinois Certificate of Good Standing is evidence that an Illinois business franchise (i.e. Illinois Corporation, LLC or LP) is in Existence, is authorized to transact business in the state of Illinois, and complies with all state of Illinois business requirements and therefore is in "Good Standing" in the State of Illinois. (See Supplemental Information).
4. As evidence of site ownership, the Applicants provided the executed purchase agreement for the property. (Application for Permit pages 46-62)
5. The purchasing Applicants provided attestation of no adverse actions being taken against any nursing home under their ownership, during a three-year period prior to filing this application. Application, p. 74)
6. University Rehabilitation Center of C-U, LLC and University Rehab Real Estate, LLC are equally owned by William Rothner (50%), and Atied Associates, LLC (50%).
7. Board Staff notes the purchasing Applicants (University Rehabilitation Center C-U, LLC, and University Rehab Real Estate LLC), are under the management of William “Avi” Rothner. Mr. Rothner owns other corporations specializing in the provision of health care. They are: Altitude Health Services, Inc. and Extended Care Clinical, LLC. On their website, Extended Care Clinical, LLC lists eighteen facilities under its ownership. They are:
 - ^Beecher Manor Nursing & Rehabilitation Center, Beecher, IL (5 stars)
 - Sebo’s Nursing & Rehabilitation Center, Hobart, Indiana (3 stars)
 - Park House Rehabilitation Center (Little Village Nursing & Rehabilitation Center), Chicago (2 stars)
 - ^St. James Manor and Villas, Crete 11.12% (3 stars)
 - Prairie Manor Nursing & Rehabilitation Center, Chicago Heights 16.67% (3 stars)
 - Spring Mill Health Campus, Indiana (3 stars)
 - Lakewood Nursing & Rehabilitation Center, Plainfield 16.67% (3 stars)
 - South Suburban Rehabilitation Center, Homewood (2 stars)
 - Lemont Nursing & Rehabilitation Center, Lemont 16.5% (3 stars)
 - Munster Med Inn, Indiana (1 star)
 - The Estates of Hyde Park, Chicago 13.75% (3 stars)
 - ^Chateau Nursing & Rehabilitation Center, Willowbrook 16.66%

(1 star)

- Dyer Nursing and Rehabilitation Center, Indiana (1 star)
- Lincolnshire HealthCare Center, Indiana (2 stars)
- Tri-State Nursing & Rehabilitation Center, Lansing 21.13% (1 star)
- Wheaton Care Center, Wheaton 10.77% (1 star)
- Rainbow Beach Care Center, Chicago* (N/A)
- Grasmere Place, Chicago* 18.5% (N/A)

Facilities underlined are in Indiana

*Psychiatric Rehab Facilities that were excluded from the evaluation committee.

Percentages represent ownership interest held by William Rothner.

^Facilities that were visited on April 17, 2018, by an evaluation committee consisting of 5 Champaign County Board members, and 4 members of the community, with interest in the Champaign County Nursing Home, and its sale.

Medicare Star Rating in parentheses

B) Criterion 1125.320 - Purpose of the Project

To demonstrate compliance with this criterion the Applicants must document that the project will provide health services that improve the long-term nursing care or well-being of the market area population to be served. The Applicants shall define the planning area or market area, or other, per the Applicants' definition.

The Applicants state: *"The purpose of the this project is to ensure that the residents of Champaign County continue to have access to quality long-term care services, and to ensure that there will be a continued commitment to the provision of care to the underserved and indigent residents of Champaign County. The financial impact upon Champaign County of continuing to operate the Nursing Home is untenable. Nevertheless, Champaign County has been continuously committed to providing care to its underprivileged and elderly for over 100 years. Thus, Champaign County set out to explore options of how to continue to provide care at the nursing home in a fiscally responsible manner. The Champaign County Board approved the sale of the nursing home to University Rehabilitation Center C-U, LLC, who has expertise in value engineering and can implement programs designed to improve quality and reduce costs that are unavailable to Champaign County. Through value engineering, University Rehabilitation Center of C-U, LLC will redesign resident care and eliminate functional redundancies to ensure that the residents of Champaign County continue to have access to high quality skilled nursing home services in the future."*

In addition, the Applicants supplied audited financial statements and balance sheets from CY 2017 that illustrate the financial position for that the facility for 2017 (application, pgs. 76-115)

C) Criterion 1125.330 - Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the LTC needs of the population to be served by the project.

The Applicants considered four alternatives to the proposed project:

1. Maintain the Status Quo/Do Nothing

The Applicants rejected this alternative, based on the need for a continued presence of care for the indigent and underserved population of Champaign County.

Continued operation would result in mounting operational losses that would only be of detriment to the fiscal health of Champaign County, and result in the forced closure of Champaign County Nursing Home.

2. Close Champaign County Nursing Home

For reasons similar to alternative one, the Applicants rejected this alternative, based on the need for the continued provision of care to the underserved and indigent population of Champaign County. While the economic result would benefit the fiscal outlook of the County, the Applicants considered the healthcare needs of this at-risk population, and rejected this alternative.

3. Bring in an Experienced Management Company to Operate the Facility

The Applicants note having pursued this option in the past, with no success. Despite the management company's experience in past initiatives, the facility continued to operate with substantial losses, causing the Applicants to reject any future alternatives of this nature.

4. Pursue a Joint Venture Between Champaign County and a Private Entity

The Applicants note there is no incentive for a private operator to take on the risk of joint ownership, with the knowledge that the facility is operating at a loss. The County has pursued all avenues to make the nursing home a profitable operation, and failed. No investor would consider this a profitable risk, so this option was rejected.

5. Project as Proposed

The Applicants view this is the only viable alternative for keeping the facility open, and relieving the County of a growing financial burden. The Applicants identified a cost of \$11,000,000, the purchase price for the facility as a cost for this alternative.

IX. Changes of Ownership, Mergers and Consolidations

For a change of ownership of a county nursing home the State Board has asked the Applicants to provide the following:

- A) Impact Statement
- B) Access
- C) Health Care System

Champaign County Nursing Home is a 243-bed Long Term Care facility, in Urbana. The facility is currently owned and operated by the Champaign County Board, and has served the elderly and indigent residents of Champaign County since for over 100 years. Champaign County is currently negotiating a change of ownership which would allow University Rehabilitation Center of C-U, LLC, and University Rehab Real Estate, LLC (co-applicant), operational control of the facility, and ownership of the building. Pending State Board approval, University Rehabilitation Center of C-U LLC, will maintain operations of the nursing facility, with University Rehab Real Estate, LLC maintaining ownership of the site and structure. The Applicants (Champaign County Board) have experienced significant financial losses in recent years and wish to relinquish ownership in the LTC facility, with the provision that the purchasing party will continue operations of the facility. University Rehabilitation Center of C-U, LLC will not reduce the number of beds in service (243), and the dually certified Medicare/Medicaid beds will comprise 50% of the entire bed service. The purchasing Applicants predict the payor mix to be 80% Medicaid/20% Medicare. The change of

ownership will have little to no impact on the Long Term Care facilities in the services area, and the Applicants provided no referral agreements for this facility. Under the terms of the proposed agreement, no new services will be introduced, no restrictive admission policies will be introduced, and an open admission policy will remain at the facility. Additionally, there will be no disruption in service, and the impact upon the residents of the service area minimal. Upon project completion, the name of the facility will be changed to University Rehabilitation Center of C-U.

X. FINANCIAL VIABILITY

A) Criterion 1125.800 – Availability of Funds

To demonstrate compliance with this criterion the Applicants must provide documentation that funds are available to fund the proposed project. Additionally 77 ILAC 1125.800(c)(8)) states the Applicants shall describe its previous record of implementing certificate of need-approved LTC projects.

The Applicants are funding this project with cash in the amount of \$2,750,000 and \$8,250,000 in mortgages. Champaign County provided a copy of an AA2 bond rating from Moody's Investors Service, dated June 2017. The purchasing Applicants are a new entity, and provided no historical financial statements. The purchasing Applicants did provide pro forma financial statements, see pages 170-174 of the application.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1125.800)

B) Criterion 1125.800 – Financial Viability

To demonstrate compliance with this criterion the Applicants must document that they are financially viable by providing financial ratio information for the past three years and the first year after project completion. This criterion asked that the Board to determine if the Applicants are financially viable.

This Application is a change of ownership of a nursing care home. The financial viability of the purchaser was determined in the "arm's length" sale of the nursing home. The Applicants have successfully addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1125.800)

XI. ECONOMIC FEASIBILITY

A) Criterion 1125.800 – Reasonableness of Debt Financing

To demonstrate compliance with this criterion the Applicants must document that the proposed debt financing is reasonable by attesting that to one of the following:

- That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- That the total estimated project costs and related costs will be funded in total or in part by borrowing because: A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 1.5 times for LTC facilities; or Borrowing is less costly than the liquidation of existing investments, and the existing

investments being retained may be converted to cash or used to retire debt within a 60-day period.

The Applicants provided the necessary attestation at pages 176-177 of the Application for Permit. Based upon the attestation provided by the Applicants, the Applicants have met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION REASONABLENESS OF DEBT FINANCING (77 ILAC 1125.800)

B) Criterion 1125.800 – Terms of Debt Financing

To demonstrate compliance with this criterion the Applicants must document an “A” or better bond rating and attest that the borrowing will be at lower net cost available to the Applicants.

The Applicants are funding this project with cash in the amount of \$2,750,000 and \$8,250,000 through a mortgage.

The Applicants do not have an “A” or better bond rating and have attested at pages 177-178 of the Application for Permit that the financing will be at the lowest net cost to the Applicants.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TERMS OF DEBT FINANCING (77 ILAC 1125.800)

C) Criterion 1125.800 - Reasonableness of Project Costs

To demonstrate compliance with this criterion the Applicants must document that the project costs are reasonable and are in compliance with State Board Standards Section 1125.Appendix B.

The Applicants are proposing to transfer ownership of an existing 243-bed Long Term Care facility, and no construction/modernization will occur with this transaction. This criterion is inapplicable.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS INAPPLICABLE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1125.800)

D) Criterion 1125.800 - Projected Operating Costs

To demonstrate compliance with this criterion the Applicants must provide projected operating costs (excluding depreciation and stated in current dollars based on the full-time equivalents (FTEs) and other resource requirements) for the first full fiscal year after project completion or the first full fiscal year when the project achieves or exceeds the average occupancy rate in the market area (or target occupancy), whichever is later, including:

- A) Annual operating costs; and
- B) Annual operating costs change (increase or decrease) attributable to the project.

The Applicants is projecting 66,795 resident days by the first full fiscal year when the project achieves target occupancy. This, combined with the Operating Expenses of \$14,430,323 results in Operating Costs per Patient Day of \$216.04.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS CONFORMANCE WITH CRITERION DIRECT OPERATING COSTS PER PATIENT DAY (77 ILAC 1125.800)

E) Criterion 1125.800 - Projected Capital Costs

To demonstrate compliance with this criterion the Applicants must provide the annual projected capital costs (depreciation, amortization and interest expense) for:

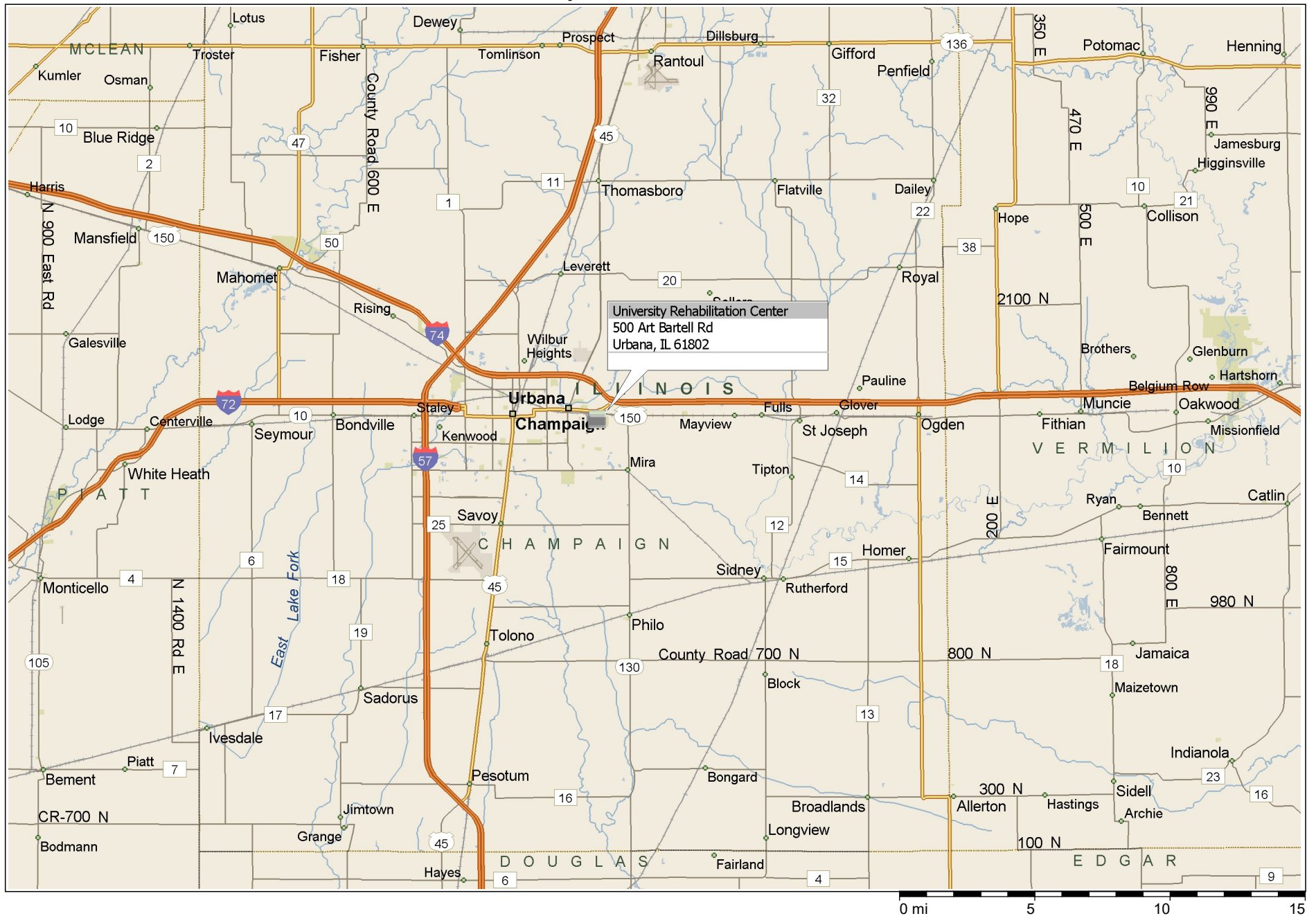
- A) The first full fiscal year after project completion; or
- B) The first full fiscal year when the project achieves or exceeds the average occupancy rate in the market area (or target occupancy), whichever is later.

The Applicants is projecting 66,795 resident days by the first full fiscal year when the project achieves target occupancy. The Projected Capital costs are expected to be \$2.86 per patient day.

Depreciation	\$50,000
Interest Expense	\$140,750
<u>Amortization</u>	<u>\$125,938</u>
Total Capital Costs	<u>\$190,750</u>

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS CONFORMANCE WITH CRITERION CAPITAL COSTS PER PATIENT DAY (77 ILAC 1125.800)

18-026 University Rehabilitation Center - Urbana



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CHAMPAIGN COUNTY NURSING HOME

500 S. ART BARTELL ROAD
URBANA, IL. 61802

Reference Numbers

Facility ID 6001630
Health Service Area 004
Planning Service Area 019 Champaign
County 019 Champaign County

Administrator

Karen Noffke

Contact Person and Telephone

Karen Noffke
217-693-5015

Registered Agent Information

Rick Snider
1776 E Washington

ADMISSION RESTRICTIONS

Aggressive/Anti-Social 0
Chronic Alcoholism 0
Developmentally Disabled 0
Drug Addiction 0
Medicaid Recipient 1
Medicare Recipient 1
Mental Illness 0
Non-Ambulatory 1
Non-Mobile 1
Public Aid Recipient 0
Under 65 Years Old 0
Unable to Self-Medicate 1
Ventilator Dependent 0
Infectious Disease w/ Isolation 1
Other Restrictions 0
No Restrictions 0

Note: Reported restrictions denoted by '1'

RESIDENTS BY PRIMARY DIAGNOSIS

DIAGNOSIS
Neoplasms 1
Endocrine/Metabolic 10
Blood Disorders 2
*Nervous System Non Alzheimer 43
Alzheimer Disease 32
Mental Illness 0
Developmental Disability 0
Circulatory System 18
Respiratory System 15
Digestive System 10
Genitourinary System Disorders 2
Skin Disorders 1
Musculo-skeletal Disorders 19
Injuries and Poisonings 0
Other Medical Conditions 13
Non-Medical Conditions 0
TOTALS 166

ADMISSIONS AND DISCHARGES - 2016

Date Questionnaire Completed	3/23/2017	Residents on 1/1/2016	166	Total Residents Diagnosed as Mentally Ill	0
		Total Admissions 2016	200	Total Residents Reported as Identified Offenders	3
		Total Discharges 2016	200		
		Residents on 12/31/2016	166		

LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS

LEVEL OF CARE	LICENSED BEDS	PEAK BEDS SET-UP	PEAK BEDS USED	BEDS SET-UP	BEDS IN USE	AVAILABLE BEDS	MEDICARE CERTIFIED BEDS	MEDICAID CERTIFIED BEDS
Nursing Care	243	195	195	195	166	77	243	243
Skilled Under 22	0	0	0	0	0	0		0
Intermediate DD	0	0	0	0	0	0		0
Sheltered Care	0	0	0	0	0	0		
TOTAL BEDS	243	195	195	195	166	77	243	243

FACILITY UTILIZATION - 2016**PATIENT DAYS AND OCCUPANCY RATES BY LEVEL OF CARE PROVIDED AND PATIENT PAYMENT SOURCE**

LEVEL OF CARE	Medicare		Medicaid		Other Public	Private Insurance	Private Pay	Charity Care	TOTAL	Licensed Beds		Peak Beds Set Up
	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.						Pat. days	Pat. days	
Nursing Care	4566	5.1%	45317	51.0%	4385	110	12720	0	67098	75.4%	94.0%	
Skilled Under 22			0	0.0%	0	0	0	0	0	0.0%	0.0%	
Intermediate DD			0	0.0%	0	0	0	0	0	0.0%	0.0%	
Sheltered Care					0	0	0	0	0	0.0%	0.0%	
TOTALS	4566	5.1%	45317	51.0%	4385	110	12720	0	67098	75.4%	94.0%	

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2016

AGE GROUPS	NURSING CARE		SKL UNDER 22		INTERMED. DD		SHELTERED		TOTAL		GRAND TOTAL
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	0	0	0	0	0	0	0	0	0
45 to 59	0	2	0	0	0	0	0	0	0	2	2
60 to 64	3	4	0	0	0	0	0	0	3	4	7
65 to 74	12	14	0	0	0	0	0	0	12	14	26
75 to 84	22	28	0	0	0	0	0	0	22	28	50
85+	14	67	0	0	0	0	0	0	14	67	81
TOTALS	51	115	0	0	0	0	0	0	51	115	166

CHAMPAIGN COUNTY NURSING HOME

500 S. ART BARTELL ROAD
URBANA, IL. 61802

Classification Numbers

Facility ID 6001630
Health Service Area 004
Planning Service Area 019 Champaign
County 019 Champaign County

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Insurance	Private Pay	Charity Care	TOTALS
Nursing Care	13	117	9	1	26	0	166
Skilled Under 22	0	0	0	0	0	0	0
Intermediate D		0	0	0	0	0	0
Sheltered Care			0	0	0	0	0
TOTALS	13	117	9	1	26	0	166

AVERAGE DAILY PAYMENT RATES

LEVEL OF CARE	SINGLE	DOUBLE
Nursing Care	240	193
Skilled Under 22	0	0
Intermediate DD	0	0
Sheltered Care	0	0

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing Care	Skilled Under 22	Intermediate DD	Sheltered Care	Totals
Asian	3	0	0	0	3
American Indian	2	0	0	0	2
Black	35	0	0	0	35
Hawaiian/Pacific Isl.	0	0	0	0	0
White	126	0	0	0	126
Race Unknown	0	0	0	0	0
Total	166	0	0	0	166

ETHNICITY	Nursing Care	Skilled Under 22	Intermediate DD	Sheltered Care	Totals
Hispanic	2	0	0	0	2
Non-Hispanic	164	0	0	0	164
Ethnicity Unknown	0	0	0	0	0
Total	166	0	0	0	166

FACILITY STAFFING

Employment Category	Full-Time Equivalent
Administrators	1.00
Physicians	0.00
Director of Nursing	1.00
Registered Nurses	10.00
LPN's	31.00
Certified Aides	76.00
Other Health Staff	15.00
Non-Health Staff	73.00
Totals	207.00

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	TOTALS	Charity Care Expense*	Charity Care Expense as % of Total Net Revenue
10.6%	47.7%	5.6%	10.6%	25.5%	100.0%		
1,296,371	5,826,466	678,783	1,292,770	3,111,985	12,206,375	0	0.0%

*Charity Care Expense does not include expenses which may be considered a community benefit.